

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 20, 2019**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**

*Prepared by: Sarah Lester*

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**Applicant:** Sacramento Housing & Redevelopment Agency on behalf of the County of Sacramento

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**Contact Information:**

**Name:** Gabriella Navarro  
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Sacramento, CA 95814  
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<b>Allocation Amount Requested:</b>	\$10,160,133	<b>Converted MCC Authority:</b>	\$2,540,033
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<b>Applicant's Fair Share Amount:</b>	\$10,160,133	<b>Converted MCC Authority:</b>	\$2,540,033
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**Participating Jurisdictions:**

County of Sacramento and the Cities of Sacramento, Citrus Heights, Elk Grove, Folsom, Galt, Isleton and Rancho Cordova

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**Allocation Information:**

**Date MCCs will be advertised:** February 20, 2019  
**Expected issue date of first MCC:** May 20, 2019  
**Program Status:** Existing  
**Certificate tax credit rate:** 20%

**Type of housing units to be assisted/average mortgage amount:**

New construction units:	7 units (14%) with an average mortgage amount of \$270,000
Existing resale units:	44 units (86%) with an average mortgage amount of \$245,000
Rehabilitated units:	0 units (0%) with an average mortgage amount of \$000,000
Total units:	51 units with an average mortgage amount of \$248,500

**The above numbers of units are:** ☒ Estimates  
☐ Actual requirements imposed by the Issuer

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**Past Performance:**

The application indicates the applicant met the 2018 minimum performance requirement that at least **40%** of the program participants are lower-income households or located in a Qualified Census Tract.

The application indicates the applicant expects to meet the 2019 minimum performance requirement that at least **40%** of program participants will be lower-income households.

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**Recommendation:**

Staff recommends that the Committee approve an amount of \$10,160,133 in tax-exempt bond allocation to the Sacramento Housing & Redevelopment Agency on behalf of the County of Sacramento for the Mortgage Credit Certificate Program. This is the Applicant's 2019 fair share amount.

**DESCRIPTION OF PROPOSED PROGRAM:**

- ***Population to be served by the proposed Program (family size, income levels, etc.):***  
According to the Applicant, the proposed Program expects to serve all ethnic groups and family sizes with a minimum of 40% of the households at or below 80% of the median income adjusted by household size.
- ***Estimated number of first-time homebuyers to be assisted:*** 51
- ***Housing stock to be purchased (types, unit sizes, etc.):***  
According to the Applicant, the housing stock to be purchased will consist of a mix of detached single family dwellings, half-plex units and condominiums ranging from 3 bedrooms and 1-2 bathrooms. The average sale price is expected to be approximately \$270,000 and new construction price to be approximately \$300,000.
- ***Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:***  
According to the Applicant, the program will reserve at least 20% of the certificates for federally designated target areas and at least 40% of the MCCs for families with incomes at or below 80% of the area median income adjusted for family size.
- ***Expected duration MCCs will be available and anticipated monthly rate of issuance:***  
According to the Applicant, MCCs are expected to be available for 24 months and the anticipated monthly rate of issuance is 5-8 MCCs per month. However, based on the information provided in the application, MCCs are expected to be available for about 8 months.
- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***  
According to the Applicant, Sacramento Housing & Redevelopment Agency offers up to \$40,000 in down payment assistance to eligible homebuyers through the CalHome First-Time Homebuyer Mortgage Assistance Program. Sacramento Housing & Redevelopment Agency also has a Homebuyer Assistance Program Layering Policy which allows homebuyers to layer the MCC program with the down payment assistance program.
- ***Additional features unique to the proposed Program:***  
None indicated.

**PURCHASE PRICE INFORMATION:**

**The proposed maximum limits are:**

Unit Type	Average Area Purchase Price*	Non-Target Area Max Purchase Price	Target Area Max Purchase Price
New Units	\$529,412	\$476,471	\$582,353
Existing Units	\$529,412	\$476,471	\$582,353

\*This is established by (check one):  X  IRS Safe Harbor limitations  
As determined by special survey

**Expected average sales prices of the estimated units to be assisted:**

New Units	\$300,000
Existing Units	\$270,000
Rehabilitated Units	\$0

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**MAXIMUM INCOME LIMITATIONS:**

Area median income on which maximum program limits are based: \$80,100

Applicable standard that defines the area median income:

☐ HUD statewide median ☒ HUD county MSA median

☐ Local median as determined by a special study

Percent of MCCs reserved for IRS-designated target areas in the jurisdiction(s): 20%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$80,100	\$96,120
3+ persons	\$110,538	\$154,753

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**DESCRIPTION OF PUBLIC BENEFITS:**

Past Program Performance:

<u>Year</u>	<u>Amount of Allocation</u>	<u>Amount of Allocation Used</u>	<u>Number of MCCs Issued</u>	<u>Outstanding MCC Authority</u>
2016	\$15,247,070	\$15,212,004	85	\$8,767
2017	\$9,522,757	\$5,852,888	30	\$917,467
2018	Did Not Apply	\$0	0	\$0

Pursuant to Section 5269 of the CDLAC Regulations, the Applicant has:

- 1 Demonstrated that no Mortgage Credit Certificate authority from the year two years prior to the current year has been unused (other than minor amounts not to exceed \$1 million); and
- 2 Certified that any Mortgage Credit Certificate authority remaining from the year prior to the current year will be used before the use of new Mortgage Credit Certificate Authority.